



Department of Justice

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DUTCH COMPANY CHARGED WITH PRICE-FIXING ON CITRIC ACID:
AGREES TO PAY \$400,000 CRIMINAL FINE

**Justice Department's Crackdown on International Price-Fixing Conspiracies
Has Netted \$400 Million in Criminal Fines**

WASHINGTON, D.C. -- Cerestar Bioproducts BV, a Dutch subsidiary of the French agricultural products giant, Eridania Beghin-Say SA, has agreed to plead guilty and pay a fine of \$400,000 for participating in an international conspiracy to fix prices and allocate market shares in the sale of citric acid worldwide, the Department of Justice said.

The case, filed in U.S. District Court in San Francisco, is the fifth filed in the citric acid industry, and the latest in a string of international conspiracy cases filed by the Department's Antitrust Division over the past 20 months. Fines in these cases have totaled more than \$400 million.

"These charges demonstrate that the Department will continue to prosecute antitrust conspiracies that harm American consumers regardless of whether the participants are foreign or domestic," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division.

Citric acid is a flavor additive and preservative produced from various sugars. It is found in soft drinks, processed food, detergents, pharmaceuticals, and cosmetic products. Citric acid is a \$1.2 billion a year industry worldwide.

According to the charges, a Cerestar executive conspired with the world's major producers of citric acid to suppress and eliminate competition in the citric acid industry from November 1992 until April 1994.

Silvio Kluzer, an Italian citizen and Cerestar's Managing Director, has also agreed to plead guilty and pay a criminal fine of \$40,000 for his role in the international citric acid conspiracy.

The single-count case charges that Cerestar Bioproducts BV and Silvio Kluzer:

- Participated in meetings and conversations, including a meeting in Chicago, to discuss the prices and sales of citric acid sold in the United States and elsewhere.
- Agreed, during those meetings and conversations, to charge prices at certain levels and to increase and maintain prices of citric acid sold in the United States and elsewhere.
- Agreed, during those meetings and conversations, to allocate market shares among major producers of citric acid in the United States and elsewhere, including allocating a share to Cerestar, expressed as a percentage of the conspirators' total annual sales of citric acid.
- Issued price announcements and price quotations in accordance with the agreements.
- Exchanged information on sales of citric acid in the United States and elsewhere, for the purpose of monitoring and enforcing adherence to the agreed-upon prices and market shares.

Since August 1996, the Department has filed charges against the following companies and executives for their roles in the citric acid conspiracy:

- Archer Daniels Midland Co., located in Decatur, Illinois, pleaded guilty to two felony counts for its participation in the lysine and citric acid conspiracies and was fined \$100 million.
- Haarmann & Reimer Corp., a New Jersey-based subsidiary of the Germany-based pharmaceutical and chemical giant, Bayer AG, pleaded guilty and was fined \$50 million. Hans Hartmann, a senior executive at the Germany-based Haarmann & Reimer GmbH, pleaded guilty and was fined \$150,000 for participating in the international citric acid conspiracy.

- F. Hoffmann-La Roche Ltd., headquartered in Switzerland, pleaded guilty and was fined \$14 million. Udo Haas, the former Managing Director of F. Hoffmann-La Roche Ltd.'s citric acid producing affiliate SA Citrique Belge NV, pleaded guilty and paid \$150,000 for participating in the conspiracy.
- Jungbunzlauer International AG, headquartered in Switzerland, pleaded guilty and paid a fine of \$11 million. Rainer Bichlbauer, the Chairman and President of Jungbunzlauer International AG, pleaded guilty and paid \$150,000 for participation in the international citric acid conspiracy.

Cerestar Bioproducts BV and Silvio Kluzer are charged with violating Section One of the Sherman Act, which carries a maximum fine of \$10 million for corporations and a maximum sentence of three years in jail and a fine of \$350,000 for individuals. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either amount is greater than the statutory maximum fine of \$10 million for corporations and \$350,000 for individuals.

As part of their plea agreements, which must be approved by the court, Cerestar and Mr. Kluzer have agreed to cooperate in the ongoing investigation. The parties have authorized the government to disclose the basic terms of the plea agreements.

Today's charges are the result of an investigation being conducted by the Antitrust Division's San Francisco Office and the Federal Bureau of Investigation in San Francisco.

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